

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1771-01
Bill No.: HB 675
Subject: Banks & Financial Institutions; Consumer Protection; Department of Economic Development
Type: Original
Date: February 28, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development–Division of Finance and Division of Credit Unions** assume the proposal would have no effect on their agencies.

The **Division of Finance** noted in their response that the proposal duplicates existing regulations, as it does not add to powers available to lenders licensed under RSMo. 408.500 and 367.100-367.215. It is the opinion of **Oversight** that lenders licensed under these sections must also meet additional requirements under this proposal, if engaged in deferred presentment services.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses operating as payday lenders would be required to meet the stipulations of the proposal.

DESCRIPTION

This bill regulates deferred presentment service transactions. These transactions are agreements between a consumer and a licensed maker of unsecured loans less than \$500 or of consumer credit loans in which the maker agrees to advance money against a check held by the maker until a date specified. Deferred presentment service transactions cannot be for longer than 31 days; must be evidenced by a written agreement stating all the terms of the deferred presentment, including fees; and can be rescinded by the consumer by paying off the amount in full before the end of the business day following the date of the transaction.

This legislation is not federally mandated and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Division of Finance
Division of Credit Unions

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

February 28, 2001